GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2600
ANSWERED ON:18.08.2006
EMBEZZIEMENT IN COOPERATIVE BANKS
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government has conducted any inquiry into the embezzlement taken place in District Cooperative banks during the last three years ;

(b) if so, the outcome thereof; and

(c) the action taken by the Government against those found guilty ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (c) No, Sir. However, the details of cases of frauds which include embezzlements, etc., reported by District Central Cooperative Banks (DCCBs), during the years 2002-03, 2003-04, 2004-05, are as under :-

Year	No. of DCCBs involved	No. of Branches involved	Amount involved	Amount recovered
2002-03	290	1054	9267.43	406.35
2003-04	292	1001	30217.18	118.83
2004-05	301	1040	32166.54	157.03

Various measures have been taken to strengthen internal control mechanism and guidelines have been issued from time to time. Some of these are :-

Setting up of Vigilance Cells, Inspection Cells, Audit Committees, preparation of comprehensive manual/ guidelines etc.

State Cooperative Banks (SCBs) and DCCBs have been suggested to (i) nominate a senior officer who would be responsible for submitting ail the returns relating to frauds, (ii) fix staff accountability in respect of delays in reporting cases of frauds, (iii) prompt reporting of information relating to frauds to the Board of Directors and(iv) prompt filing of cases with the police.

All the Banks have been advised to clear the reconciliation of arrears of more than six months in inter-bank and inter-branch accounts.

The banks should report cases of frauds involving an amount of Rs. 1 crore and above to Central Bureau of investigation(CBI) and those below Rs.1 crore to local police.